



November 30, 2011

Mary Wherry Director of Public Health and Clinical Services Department of Health and Human Services 4150 Technology Way, Suite 300 Carson City, Nevada 89706

Re: Rural and Frontier Region Rate Study

Dear Ms. Wherry:

In accordance with your request, Strategic Progress, LLC and DP Video Productions, LLC are pleased to submit this Rural and Frontier Region Rate Study report to the State of Nevada, Department of Health and Human Services. Strategic Progress was retained by the State of Nevada to analyze the cost of providing early intervention services to children living in the rural and frontier regions of the state of Nevada. Additionally, NEIS requested an analysis of how each division within NEIS (South, Northwest, and Northeast offices) delivers Early Intervention Services to their respective clients in rural and frontier regions as well as any identified cost variances by operating division.

This report was designed by Strategic Progress in response to your request. We make no representations as to the adequacy of these procedures for all your purposes, only to the thorough approach we have taken to address the questions posed in our scope of work with you. Our findings and estimates are as of November 2011 (the most recent data available) and are dated as of the last day of our fieldwork, November 30, 2011. Data utilized in the report and the analyses underlying it were obtained from third parties, including NEIS. While we have no reason to doubt the accuracy of the data obtained, the information collected was not subjected to any auditing or review procedures by Strategic Progress, and therefore, we make no representations or assurances as to its completeness.

Thank you for allowing us to assist you in this important project. We welcome the opportunity to discuss this report with you at any time. Should you have any questions or require any additional information, please contact Cyndy Ortiz Gustafson at (702) 241-8033.

Sincerely,

Cyndy Ortiz Gustafson, Principal Strategic Progress

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Introduction

Children at risk of a developmental delay or disorder are routinely referred to Early Intervention Services. If a child qualifies, he or she may receive a range of services at no cost to the family. Early Intervention is designed to improve outcomes for children with developmental delays and/or disabilities by providing early, appropriate, and intensive interventions.

In 1986, the U.S. Congress created the mandate for a range of services to be provided to infants and toddlers with disabilities, through what is currently referred to as 'Early Intervention'. In Public Law 108.446, the provision of special services for the youngest members of our society was established. This was due to "an urgent and substantial need" both to "enhance the development of infants and toddlers with disabilities and to minimize their potential for developmental delay."

The Part C Birth to Three program is funded by both State and Federal Part C dollars. To receive funding, the State must comply with IDEA and its regulations that are issued by the Federal Government from the Code of Federal Regulations (34CFR, Part 303, under Public Law 105-117, IDEA), Early Intervention Program for Infants and Toddlers with Disabilities.

Early Intervention, according to the law that created it, is: "a statewide, comprehensive, coordinated, multidisciplinary, interagency system that provides early intervention services for infants and toddlers with disabilities and their families." In simpler terms, it is a range of services designed to intervene at the early stages of an infant or toddler's disability. Early intervention is designed to serve children with disabilities under the age of three, and the families who care for them.

Early Intervention services may include:

- physical or occupational therapy;
- speech or language therapy;
- psychological services;
- social work services;
- educational services;
- nursing care;
- behavior modification;
- nutritional counseling;
- family training, counseling and home visits;
- assistive technology and assistive technology services;
- special instruction;
- speech-language pathology and audiology services, and sign language and cued language services;
- service coordination services;
- medical services for diagnostic or evaluation purposes;
- early identification, screening, and assessment services;
- health services necessary to enable the child to benefit from other early intervention services;
- vision services: and
- transportation and related costs that are necessary to enable an infant or toddler and the infant's or toddler's family to receive another service described in this list.

Services are provided in the home, child care center, or other locations depicting natural environments where the child will feel comfortable. Whenever possible, services are included in the child's normal daily activities.

Infants or toddlers with disabilities in one or more of the following areas of development may qualify for Early Intervention: physical, cognitive, adaptive, communicative, or social and/or emotional development.

Early Intervention Services are defined as services that:

- Are designed to meet the developmental needs of each child eligible under this part and the needs of the family related to enhancing the child's development;
- Are selected in collaboration with the parents;
- Are provided:
 - Under public supervision;
 - By qualified personnel, as defined in §303.21;
 - o In conformity with an individualized family service plan; and
 - At no cost, unless, subject to §303.520 (b) (3), Federal or State law provides a system of payments by families, including a schedule of sliding fees; and
- Meet the standards of the State, including the requirements of Part C.

Nevada Early Intervention Services

The IDEA Part C Office of the Aging and Disability Services Division within the Department of Health & Human Services is the lead agency responsible for administering Nevada Early Intervention Services (NEIS) under Part C (early intervention services) of the Individuals with Disabilities Education Act.

Part C is responsible for:

- The monitoring of Part C programs and activities
- Providing technical assistance to programs
- Developing procedures for resolving complaints
- Develop policies and procedures related to financial matters
- Identification and coordination of resources
- Developing interagency agreements
- Resolution of disputes
- Ensuring delivery of services in a timely manner
- Data collection

While NEIS has historically provided all early intervention services to the community, five years ago, the state began contracting out a portion of its early intervention services to private community providers. This began with Easter Seals Southern Nevada and now includes five additional community providers: four total in southern Nevada and two total in northern Nevada. During FY 2010, the baseline year for this particular analysis, community partners provided approximately 28 percent of all early intervention service hours throughout the state of Nevada. That said, community partners have been limited to serving children in urban areas throughout Washoe and Clark counties only.

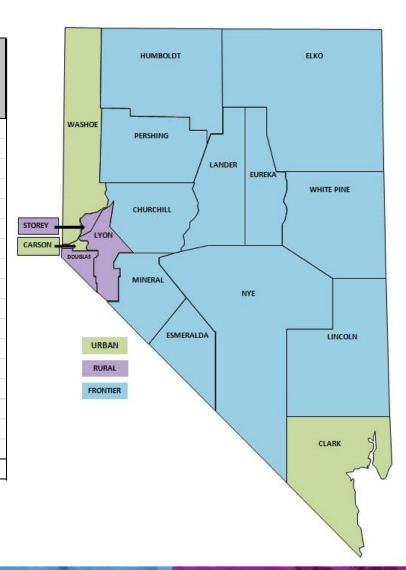
Rural and Frontier Nevada

The state of Nevada spans approximately 110,000 square miles, with 90 percent of its 2.7 million residents living in only three counties (Carson City, Clark County, and Washoe County). These three urban counties comprise a mere 13 percent of the state's land mass. Providing early intervention services to the 10 percent of the state's population residing in rural and frontier Nevada presents a unique set of challenges, principal amongst them is travel time. Even in relatively rural regions, travel time can add up quickly. For instance, serving a child who lives in Mesquite, Nevada, still located within the boundaries of urban Clark County, encompasses 156 round trip miles and takes a provider 3 hours in total travel time. As early intervention services are designed to replicate a child's natural environment, services are required to be provided in the child's home or child care center.

For the purposes of this study, counties with populations of less than 7 people per square mile are considered frontier regions. Counties with a population density greater than 7 people per square mile, but not defined as a metropolitan statistical area (MSA), are considered rural regions. As can be seen from the table and map presented below, the majority of the geographic land mass of the state of Nevada is considered frontier.

Nevada Population and Land Area by County

			Persons
		Land area	per
	2010	(square	square
County	Population	miles)	mile
Carson City	55,274	143	385.6
Churchill	24,877	4,929	5.0
Clark	1,951,269	7,910	246.7
Douglas	46,997	710	66.2
Elko	48,818	17,179	2.8
Esmeralda	783	3,589	0.2
Eureka	1,987	4,176	0.5
Humboldt	16,528	9,647	1.7
Lander	5,775	5,494	1.1
Lincoln	5,345	10,664	0.5
Lyon	51,980	1,994	26.1
Mineral	4,772	3,756	1.3
Nye	43,946	18,147	2.4
Pershing	6,753	6,037	1.1
Storey	4,010	263	15.2
Washoe	421,407	6,342	66.4
White Pine	10,030	8,876	1.1
Total	2,700,551	109,855	24.6

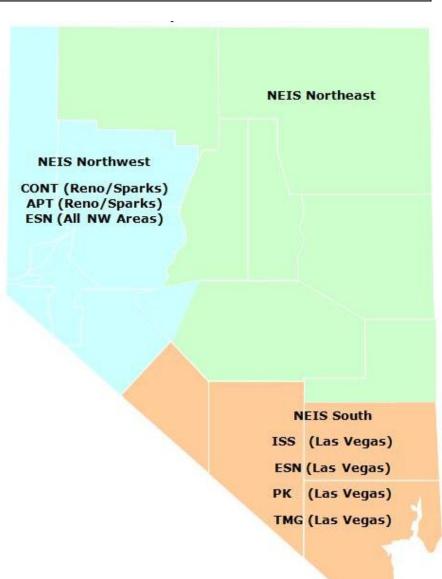


Consistent with the presentation above regarding the distribution of Nevada's population between urban, rural, and frontier regions, the demand for early intervention services is nearly identical, with 89 percent of all service hours spent serving the urban counties of Carson City, Clark, and Washoe.

Early Intervention Service Information, NEIS and Community Partners

	Children Served	Percent of Children Served	Hours Served	Percent of Hours Served
Urban	3,010	89%	92,639	89%
Rural	121	4%	4,930	5%
Frontier	244	7%	5,642	5%
Total	3,375	100%	103,212	100%
Rural & Frontier	365	11%	10,573	10%

NEIS currently oversees six community providers of early intervention services, with NEIS Northwest working with the Continuum, Advanced Pediatric Therapies, and Easter Seals of Nevada. In FY 2010, the year used as the baseline data for this analysis, NEIS Northwest provided oversight to only the Continuum. NEIS South provides oversight to four community partners, including Integrated Support Solutions, Easter Seals of Nevada, Positively Kids, and Therapy Management Group. NEIS Northeast does not currently work with any community providers.



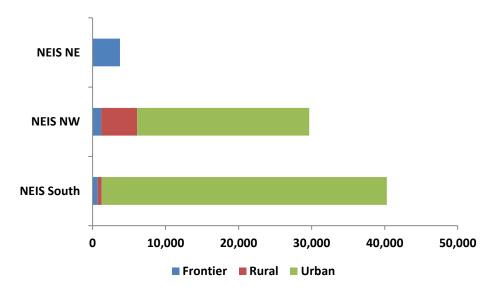
As noted previously, NEIS is currently the only authorized provider of services to rural and frontier counties, therefore, service information for NEIS by itself is slightly higher in favor of the frontier and rural regions.

Early Intervention Service Information, NEIS Only

	Children Served	Percent of Children Served	Hours Served	Percent of Hours Served
Urban	1,954	84%	63,187	86%
Rural	121	5%	4,930	7%
Frontier	242	10%	5,618	8%
Total	2,317	100%	73,735	100%
Rural & Frontier	363	16%	10,548	14%

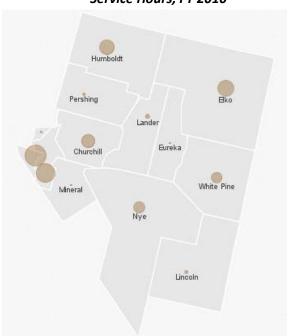
		Children	Percent of		Hours per
County	Designation	Served	Children Served	Hours Served	Child
Carson City	Urban	79	3%	3,337	42.24
Churchill	Frontier	45	2%	1,115	24.77
Clark	Urban	1,282	55%	39,594	30.88
Douglas	Rural	43	2%	2,710	63.02
Elko	Frontier	81	3%	1,557	19.22
Eureka	Frontier	2	0%	10	4.84
Humboldt	Frontier	32	1%	1,328	41.49
Lander	Frontier	8	0%	93	11.65
Lincoln	Frontier	2	0%	64	31.98
Lyon	Rural	77	3%	2,204	28.62
Mineral	Frontier	2	0%	13	6.43
Nye	Frontier	36	2%	715	19.87
Pershing	Frontier	2	0%	38	19.08
Storey	Rural	1	0%	16	16.45
Washoe	Urban	593	25%	20,256	34.16
White Pine	Frontier	32	1%	685	21.42
Total		2,317	100%	73,735	31.82

Hours Served by Region



Frontier and Rural Region Intensity Maps

Service Hours, FY 2010



Children Served, FY 2010



Approach and Methodology

The methodology used to calculate costs for providing early intervention services to the rural and frontier regions of the state of Nevada involved a two prong approach.

First, information obtained from NEIS' TRAC database was analyzed for several important factors:

- The zip code of the child being served (in order to determine whether the child was living in an urban, rural, or frontier region).
- The program ID was obtained to determine whether services were performed by a community provider, or one of the three operating divisions of NEIS (Northwest, Northeast, and South).
- The name of the provider within the program was obtained in order to compare this to matching salary and wages paid.
- Total service time was calculated per record. TRAC data reflects the details of the IFSP, and not the actual date of service, therefore, service time was estimated using information from the IFSP.

Additionally, financial information was also collected from NEIS regarding:

- Wages and salaries paid to NEIS service providers
- Travel expenses for each operating division
- Operating expenses for each NEIS division

Using the materials compiled above, the pertinent details of our approach are summarized as follows:

- Travel time and administrative duties comprise a significant amount of time in providing services to all recipients of early intervention services, and even more so for children living in rural and frontier regions of the state. The actual amount of time spent on administrative duties and travel is not tracked and therefore could not be provided. SP created a model to account for this discrepancy by multiplying each provider's annual salary by the proportion of his or her time spent serving rural and frontier regions. This simple, line by line item produced a weighted average for each staff member by zip code. Amounts include salaries and benefits, as well as Avysion administrative fees for contractors.
- Travel expenses were provided for each operating region, however, with the exception of NEIS-NE, expenses were not always clearly delineated as serving exclusively rural or frontier regions. Even NEIS-South, which allocates cars for rural usage, acknowledged that they are sometimes used for urban travel. Given that the amounts involved for motor pool expenses were so small, 100 percent of travel expenses were included in the model. This assumption is correct for NEIS-NE (due to servicing 100 percent frontier areas), but can be challenged for NEIS-NW and NEIS-South.
- A small portion of operating expenses for each region were also included. For the Northeast region, which exclusively serves frontier areas, 100 percent of operating expenses were included. The South and Northwest regions were allocated a portion of overall operating expenses in ratios that match the proportion of services provided to rural and frontier regions. As an example, NEIS-South spends 3.1 percent of total service time serving children in rural and frontier regions. Thus, 3.1 percent of NEIS-South's operating expenses were included as a cost component. Operating expenses exclude salaries, wages, and benefits of service providers, as these were already accounted for as explained above.
- Administrative staff salaries were added to this revised draft, in the same proportion that operating
 expenses were allocated, i.e., to match the proportion of overall service hours allocated to the rural and
 frontier regions.

Data Limitations

In discussions with NEIS staff, several concerns were expressed regarding the accuracy of TRAC data collected for children served under Part C. These concerns and several more were acknowledged upon inspection and analysis of the TRAC dataset. These data limitations are listed here in order to assist NEIS in the development of a more comprehensive data analysis system, which is understood to be currently under construction:

- Records for the actual date of service do not exist. Rather, data is collected documenting the terms of the IFSP. While it is important to document the records of the IFSP, it is equally important to document the specific actual dates of service. All assumptions within this report operate under the context that services were delivered as specified within the plan, which may or may not be true.
- Travel time and administrative activities associated with each child are recorded within the child's case plan, but not within TRAC. A more accurate analysis of travel costs would be easily rendered if this information was included in the TRAC database as well.
- If a child exits and then re-enters the system, previous records disappear from the system.
- If a child moves, all records are changed to the new zip code and region, therefore confusing actual locations of service delivery. For instance, several children served in FY 2010 now live out of state, in locations all across the country. It is impossible using only TRAC to ascertain where they lived when they lived in Nevada.
- Part C currently lacks a Data Manager to oversee the TRAC data.
- Based on the data provided, it appears that some children who live in Utah are served. It is unclear whether this is due to a family move, or a zip code that straddles both Nevada and Utah.
- Two community providers, Integrated Support Solutions and Positively Kids, are already serving children in rural and frontier areas, specifically Nye County.

Additionally, the database is rife with data entry errors, which include but are not limited to:

- Nonexistent zip codes permeate throughout the system, making it impossible to determine where the child was served, or if the service area encompasses a rural, frontier, or urban setting.
- Most fields allow for open entry of any text, which results in common misspellings across multiple fields. It
 is recommended that a drop down box of some sort exist for provider names in order to ensure
 consistency.
- A child can be listed in multiple zip codes.
- Program IDs are often incorrect several providers were marked as NEIS-NW when in fact they are affiliated with a community provider.
- The date ranges on the IFSP lend themselves to severe oddities. For instance, there are several instances where a child is in the system for only a few days, or even negative days (the date of exit with IFSP occurs before the service start date).

It is strongly recommended that these concerns are addressed in the future, as it will greatly increase the usefulness of any future analyses.

Requested Analyses

In order to develop conclusions for the State of Nevada regarding the cost of providing early intervention services to children residing in rural and frontier regions of Nevada, the following questions were developed to drive the process of inquiry and analysis.

1) What is the cost of providing services to children/ families in frontier Nevada (counties with less than 7 people per square mile), including travel? Costs will be broken out and reported on at the county and town levels.

The cost of providing early intervention services to children in frontier counties of Nevada were calculated so that they could be easily compared to the prior statewide study. The results of this analysis were somewhat conflicting, with the average cost per child per month equaling \$596 and the cost per service hour equaling \$307. The monthly cost for serving a child living in the frontier regions of the state is 3 percent lower than the statewide cost, yet the cost per service hour is significantly higher (25 percent). See the table below for rates for each county within the frontier regions of Nevada.

Estimated Frontier Costs by County, FY 2010

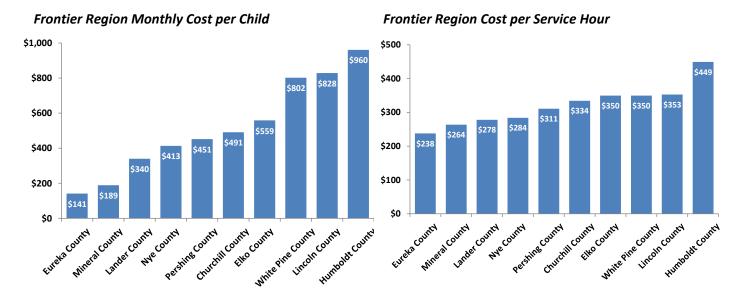
			Annual	W	age and						Mo	nthly	(Cost per
	Children	Hours	Hours per	:	Salary	Op	erating	•	Travel	Total	Co	st per		Service
County	Served	Served	Child	Ex	kpense	Ex	penses	Ex	penses	Expenses	С	hild		Hour
Churchill County	45	1,115	24.8	\$	202,233	\$	53,186	\$	9,703	\$265,122	\$	491	\$	238
Mineral County	2	13	6.4	\$	3,811	\$	614	\$	112	\$4,537	\$	189	\$	353
Pershing County	2	38	19.1	\$	8,682	\$	1,820	\$	332	\$10,834	\$	451	\$	284
Nye County	38	715	18.8	\$	117,194	\$	60,324	\$	11,030	\$188,548	\$	413	\$	264
Elko County	82	1,646	20.1	\$	375,858	\$	143,127	\$	30,689	\$549,674	\$	559	\$	334
Eureka County	2	10	4.8	\$	2,364	\$	842	\$	180	\$3,386	\$	141	\$	350
Humboldt County	32	1,328	41.5	\$	228,591	\$	115,479	\$	24,760	\$368,830	\$	960	\$	278
Lander County	8	93	11.7	\$	22,754	\$	8,110	\$	1,739	\$32,603	\$	340	\$	350
Lincoln County	2	64	32.0	\$	13,121	\$	5,562	\$	1,193	\$19,876	\$	828	\$	311
White Pine County	32	685	21.4	\$	235,412	\$	59,617	\$	12,783	\$307,812	\$	802	\$	449
Total / Average of all Frontier	245	5,706	23.3	\$1	,210,021	\$4	148,681	\$	92,521	\$ 1,751,223	\$	596	\$	307
-													<u> </u>	
State of Nevada - NEIS Statewide	2,328	74,368	31.9		n/a		n/a		n/a	\$17,115,398	\$	613	\$	230

These types of results are repeated throughout the rest of this study, regardless of town, county, or rural versus frontier. The consistency with which these results are depicted lead SP to the following significant conclusion: the monthly cost per child is a flawed method of analyzing expenses at a micro level. This is due to several factors, principle of which is the extremely small sample size. When many counties or towns have such a small number of children being served by NEIS, for instance, 2 children served in Mineral County above – there is no average. The analyst is looking only at the cost of that specific service, which is influenced tremendously by the service received, who was providing that service, and the frequency with which that child was being served.

It is recommended that if the state prefers to analyze expenses at this micro level, that the cost per service hour is used instead. The cost per service hour reflects the entire cost, including travel, administrative time,

and a portion of operating expenses, that is required to provide **one hour** of direct service. As an example, if one child living in Mineral County receives 60 minutes, or one hour, of direct services, the cost is not the \$29 - \$59 billing rate of the therapist that provided that service. Including travel expenses and travel time, in addition to administrative activities, it actually costs \$353 to provide that one hour of service, more than seven times the therapists' hourly billing rate (again, depending on the service received and the cost of that service). Costs per service hour stay in a much tighter range and do not fluctuate as deeply. This is due to the simple fact that a cost per service hour is not subject to spreading out the entire cost of that child's services over 12 months. As another example, if two trips were made to Mineral County over the course of 12 months to serve two children, those costs are dramatically lowered once spread over a full year and do not provide a meaningful basis for analysis.

Please see the charts below which illustrate the fluctuations in both cost per service hour and monthly cost per child for all frontier counties. Note the much smaller variations when viewing the cost per service hour.



Another factor influencing the overall lower cost of providing services to the frontier regions (\$596 per child per month) in comparison to the statewide rate (\$613 per child per month) is the fact that while operating expenses were distributed to the frontier regions in proportion to their service ratios - the larger regions, South and Northwest, have much higher overall operating expenses and lower rates of service to the frontier regions. Therefore, only 3.9 percent and 1.7 percent of operating expenses for the Northwest and South, respectively, were allocated to frontier costs. This conclusion will be addressed again in Question 4.

Detailed accounts of children served and expenses are presented in the table on the following page by city and county, however, it is again recommended that the cost per service hour be used to analyze differences at a micro level such as city and county.

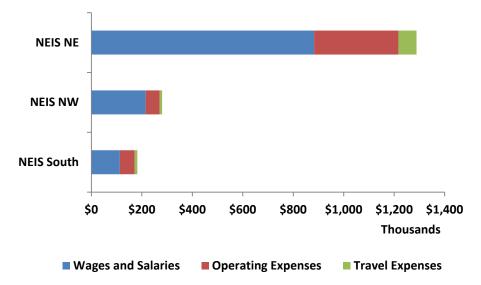
Estimated Costs for Frontier Regions Served, FY 2010

				Annual	W	age and							M	onthly	(Cost per
NEIS		Children	Hours	Hours per		Salary	0	perating		Travel		Total	Co	st per	:	Service
Region	City and County	Served	Served	Child	E	xpense	Ex	xpenses	E	kpenses	E	xpenses	(Child		Hour
NW	Fallon, Churchill	45	1,115	24.8		\$202,233	\$	53,186	\$	9,703	\$	265,122	\$	491	\$	238
NW	Hawthorne, Mineral	2	13	6.4	\$	3,811	\$	614	\$	112	\$	4,537	\$	189	\$	353
NW	Lovelock, Pershing	2	38	19.1	\$	8,682	\$	1,820	\$	332	\$	10,834	\$	451	\$	284
South	Amargosa Valley, Nye	1	20	20.2	\$	3,906	\$	1,702	\$	310	\$	5,918	\$	493	\$	293
South	Pahrump, Nye	35	675	19.3	\$	108,866	\$	56,853	\$	10,341	\$	176,060	\$	419	\$	261
NE	Elko, Elko	42	946	22.5	\$	200,853	\$	82,290	\$	17,644	\$	300,787	\$	597	\$	318
NE	Spring Creek, Elko	23	324	14.1	\$	74,318	\$	28,186	\$	6,043	\$	108,547	\$	393	\$	335
NE	Carlin, Elko	6	74	12.3	\$	20,665	\$	6,434	\$	1,380	\$	28,479	\$	396	\$	385
NE	Deeth, Elko	2	42	21.1	\$	11,137	\$	3,662	\$	785	\$	15,584	\$	649	\$	370
NE	Jackpot, Elko	2	28	14.1	\$	7,262	\$	2,453	\$	526	\$	10,241	\$	427	\$	363
NE	Owyhee, Elko	1	1	1.3	\$	315	\$	110	\$	24	\$	449	\$	37	\$	354
NE	Wells, Elko	2	49	24.7	\$	12,840	\$	4,293	\$	921	\$	18,054	\$	752	\$	366
NE	West Wendover, Elko	3	92	30.7	\$	25,929	\$	7,998	\$	1,715	\$	35,642	\$	990	\$	388
NE	Eureka, Eureka	2	10	4.8	\$	2,364	\$	842	\$	180	\$	3,386	\$	141	\$	350
NE	Winnemucca, Humboldt	32	1,328	41.5	\$	228,591	\$	115,479	\$	24,760	\$	368,830	\$	960	\$	278
NE	Battle Mountain, Lander	8	93	11.7	\$	22,754	\$	8,110	\$	1,739	\$	32,603	\$	340	\$	350
NE	Caliente, Lincoln	1	5	5.2	\$	644	\$	452	\$	97	\$	1,193	\$	99	\$	229
NE	Panaca, Lincoln	1	59	58.8	\$	12,477	\$	5,110	\$	1,096	\$	18,683	\$	1,557	\$	318
NE	Round Mountain, Nye	1	3	2.7	\$	638	\$	238	\$	51	\$	927	\$	77	\$	339
NE	Tonopah, Nye	1	18	17.6	\$	3,784	\$	1,531	\$	328	\$	5,643	\$	470	\$	321
NE	Ely, White Pine	23	534	23.2	\$	203,905	\$	46,467	\$	9,963	\$	260,335	\$	943	\$	487
NE	Lund, White Pine	1	17	17.1	\$	3,168	\$	1,490	\$	320	\$	4,978	\$	415	\$	291
NE	McGill, White Pine	4	80	19.9	\$	16,428	\$	6,940	\$	1,488	\$	24,856	\$	518	\$	312
NE	Ruth, White Pine	4	54	13.6	\$	11,911	\$	4,720	\$	1,012	\$	17,643	\$	368	\$	325
NE	Wendover, Tooele, Utah	1	89	88.5	\$	22,539	\$	7,701		\$1,651	\$	31,891	\$	2,658	\$	360
Total / A	Average of all Frontier	245	5,706	23.3	\$1	,210,021	\$	448,681	\$	92,521	\$	1,751,223	\$	596	\$	307
						-								-		
State of	Nevada - NEIS Statewide	2,328	74,368	31.9		n/a		n/a		n/a	\$:	17,115,398	\$	613	\$	230

Salaries and wages were calculated for each individual provider serving the frontier regions in direct proportion to the relative time spent serving those areas in order to account for travel time and any administrative activities performed in conjunction with servicing children in frontier regions. As can be expected, salaries and wages are the largest component of providing early intervention services.

Travel expenses are tracked in the aggregate and do not accurately reflect each trip or destination. While this limitation would impact an analysis of travel expenses at a zip code level, travel expenses in the aggregate should not be severely impacted. For instance, while the expenses associated with a specific destination are estimated, travel expenses for the entire Northeast region specifically would not be affected at all, since the Northeast region exclusively services frontier communities. Additionally, travel expenses as a whole are a relatively small portion of total expenses in serving frontier communities. See the chart on the page that follows for a graphical illustration.

Frontier Expenses by NEIS Operating Division



While travel expenses such as motor pool and mileage reimbursements are a relatively small portion of the total expense of serving the frontier regions, travel time is significant. This will be discussed in more detail in the analysis of Questions 4 and 5.

2) What is the cost of providing services to children/families in rural Nevada (all counties and towns not defined as urban or frontier), including travel? Costs will be broken out and reported on at the county and town levels.

In addition to the designated rural counties of Douglas, Lyon, and Storey, NEIS requested that certain areas of urban counties also be designated as rural areas. Specifically, in Clark County, zip codes in Bunkerville, Jean, Logandale, Mesquite, Laughlin, and stateline were included as rural for the purposes of this analysis. In Washoe County, Gerlach, Wadsworth, and Incline Village were designated as rural. The analysis of rural expenses per child and per service hour yielded similar results to the frontier analysis.

Estimated Costs for Rural Regions Served, FY 2010

			Annual	W	age and							M	onthly	C	ost per
	Children	Hours	Hours per	9	Salary	0	perating	1	Γravel		Total	Co	st per	S	ervice
County	Served	Served	Child	E>	pense	E	Expenses Expenses		E	xpenses	Child			Hour	
Douglas	43	2,710	63.0	\$	233,401	\$	129,309	\$	23,589	\$	386,299	\$	749	\$	143
Lyon	77	2,204	28.6	\$	389,618	\$	105,159	\$	19,185	\$	513,962	\$	556	\$	233
Storey	1	16	16.5	\$	4,437	\$	785	\$	143	\$	5,365	\$	447	\$	326
Washoe	5	30	6.0	\$	17,283	\$	1,438	\$	262	\$	18,983	\$	316	\$	630
Clark	22	565	25.7	\$	78,383	\$	47,570	\$	8,653	\$	134,606	\$	510	\$	238
Total / Average of all Rural	148	5,525	37.3	\$	723,122	\$	284,261	\$	51,832	\$	1,059,215	\$	596	\$	192
		_					_				_				_
State of Nevada - NEIS State	2,328	74,368	31.9		n/a		n/a		n/a	\$:	17,115,398	\$	613	\$	230

Again, when analyzing costs for the rural region, extreme caution is recommended in using the monthly cost per child at the micro level.

Estimated Costs for Rural Regions Served, FY 2010

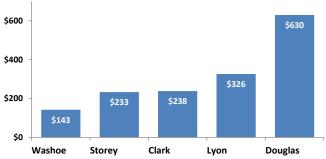
				Annual	W	age and							М	onthly	C	ost per		
NEIS		Children	Hours	Hours per		Salary	O	perating	1	Γravel		Total	Cc	st per	9	Service		
Region	City and County	Served	Served	Child	E	xpense	E	penses	Ex	penses	E	xpenses	(Child		Child		Hour
NW	Carson City, Douglas	10	1,033	103.3	\$	75,925	\$	49,297	\$	8,993		\$134,215	\$	1,118	\$	130		
NW	Gardnerville, Douglas	22	1,491	67.8	\$	111,911	\$	71,132	\$	12,976		\$196,019	\$	742	\$	131		
NW	Minden, Douglas	6	140	23.3	\$	34,347	\$	6,670	\$	1,217		\$42,234	\$	587	\$	302		
NW	Stateline, Douglas	2	5	2.4	\$	1,045	\$	230	\$	42		\$1,317	\$	55	\$	273		
NW	Zephyr Cove, Douglas	3	42	13.8	\$	10,173	\$	1,980	\$	361		\$12,514	\$	348	\$	302		
NW	Dayton, Lyon	16	646	40.4	\$	64,772	\$	30,836	\$	5,625		\$101,233	\$	527	\$	157		
NW	Fernley, Lyon	42	1,278	30.4	\$	206,881	\$	60,992	\$	11,127		\$279,000	\$	554	\$	218		
NW	Silver Springs, Lyon	11	177	16.0	\$	95,080	\$	8,423	\$	1,537		\$105,040	\$	796	\$	595		
NW	Wellington, Lyon	2	42	21.2	\$	9,351	\$	2,022	\$	369		\$11,742	\$	489	\$	277		
NW	Yerington, Lyon	6	61	10.1	\$	13,534	\$	2,886	\$	527		\$16,947	\$	235	\$	280		
NW	Virginia City, Storey	1	16	16.5	\$	4,437	\$	785	\$	143		\$5,365	\$	447	\$	326		
NW	Gerlach, Washoe	1	6	6.1	\$	2,007	\$	289	\$	53		\$2,349	\$	196	\$	387		
NW	Wadsworth, Washoe	2	17	8.6	\$	6,266	\$	824	\$	150		\$7,240	\$	302	\$	419		
NW	Incline Village, Washoe	2	7	3.4	\$	9,010	\$	325	\$	59		\$9,394	\$	391	\$	1,378		
South	Bunkerville, Clark	1	30	29.7	\$	3,127	\$	2,500	\$	455	\$	6,082	\$	507	\$	205		
South	Jean, Clark	1	15	14.8	\$	1,807	\$	1,247	\$	227	\$	3,281	\$	273	\$	222		
South	Logandale, Clark	7	112	16.0	\$	14,326	\$	9,419	\$	1,713	\$	25,458	\$	303	\$	228		
South	Mesquite, Clark	9	319	35.5	\$	49,151	\$	26,905	\$	4,894	\$	80,950	\$	750	\$	253		
South	Laughlin, Clark	3	74	24.7	\$	8,242	\$	6,239	\$	1,135	\$	15,616	\$	434	\$	211		
South	Cal Nev Ari, Clark	1	15	15.0	\$	1,730	\$	1,260	\$	229	\$	3,219	\$	268	\$	215		
Total / A	Average of all Rural	148	5,525	37.3	\$	723,122	\$	284,261	\$	51,832	\$	1,059,215	\$	596	\$	192		

Additionally, two rural counties, Storey and Washoe, had less than 10 children served over the course of a year. This makes these two counties in particular more susceptible to data anomalies and does not represent a true average, for either the monthly cost per child or the cost per service hour.

Rural Region Monthly Cost per Child

\$800 \$600 \$600 \$400 \$400 \$200 \$200 \$143 \$0 \$0 Washoe Washoe Storey Clark Lyon **Douglas**

Rural Region Cost per Service Hour



3) Explore and discuss differences in service delivery between each division within NEIS (South, Northwest, and Northeast offices) to their respective clients in rural and frontier regions. A narrative documenting these differences will be provided. These differences will also be taken into consideration when evaluating the following questions, four and five.

Before discussing the logistics of service delivery differences between the various NEIS divisions, it may be helpful for the reader to first understand some of the challenges in serving the rural and frontier regions in general. Aside from the largest barrier, distance and travel time, several other common challenges are shared by all divisions in serving the rural and frontier regions. In fact, the challenges shared by divisions far outnumber the differences.

Challenges include:

- Availability of service providers is the second largest problem facing all divisions. There is a definite shortage in the number of providers who are qualified and willing to serve non-urban areas.
- Scheduling / logistics in order to maximize the time spent driving to and from rural and frontier regions,
 NEIS will often stack appointments for service providers within the space of one or two days. This is a
 smart operational move to reduce travel time as well as motor pool and per diem expenses; however, it
 does take quite a bit of time to coordinate schedules between the therapist, multiple families, and any
 other individuals who may need to be involved, such as the school district or child care settings.
- Weather can also be a significant challenge in winter months when there is snow through mountain passes. Normally providers are able to track any oncoming storms before leaving the office, however, even so, this would require a revisit to the scheduling and logistics issue of rescheduling a days' worth of appointments.
- Cell phone reception is an issue throughout many rural and frontier areas of the state. This poses a serious safety concern in the event of a breakdown or run-in with weather.
- Time Zones despite the fact that a frontier or rural town is located in Nevada, some border towns use the time zone of the bordering state, such as Utah or Idaho. This poses an additional challenge for providers, as they must adjust their schedules to meet families on their time zone, and may also result in the provider encountering per diem meals due to the fact that they are leaving earlier in the morning or later in the evening to accommodate the border time zone.
- Cultural Sensitivity not all providers are well suited for serving rural and frontier clients, therefore further limiting the pool of available providers.
- Child Find activities add to the cost of service delivery. When communities or school districts host health fairs, NEIS must attend and set up a booth for the fair. On average these types of events occur once or twice a month.
- Late Referrals late referrals are processed directly to a developmental specialist. Oftentimes developmental specialists will double up on caseloads to get the referral through in time.

Now that the commonalities between divisions have been established, SP will now address the differences in service delivery between divisions.

The Referral Process

NEIS South – Referrals from the family are usually completed by an Administrative Assistant IV. Once the family provides their information, the referral is sent to an Administrative Assistant II (scheduling) and automatically set as a home visit. The scheduling Administrative Assistant II notes which staff serve the area in question and place the child on an assignment list.

When the therapist performs the initial home visit, they usually determine eligibility and the initial IFSP on the same visit. This is usually performed by a Developmental Specialist and sometimes a physical or occupational therapist.

NEIS NE - Referrals are received by an Administrative Assistance II or III. Sometimes this task may even be performed by a Development Specialist or program manager. After that, a Registered Nurse and a Developmental Specialist will determine eligibility. In order to cut costs, NE has tried to cut back therapist visits until eligibility is approved.

NEIS NW - NEIS NW performs eligibility reviews on-site and also in families' homes. The development of IFSP's take place in the child's home.

Service Delivery

After the IFSP has been set and services have begun, all divisions report consistencies in service delivery until preparation for exit from the program. At program exit, all divisions report different procedures that are dictated not by the division but by the incoming school district. It was decided that these distinctions would not be elaborated on due to the sheer number of different school districts serving the rural and frontier portions of the state.

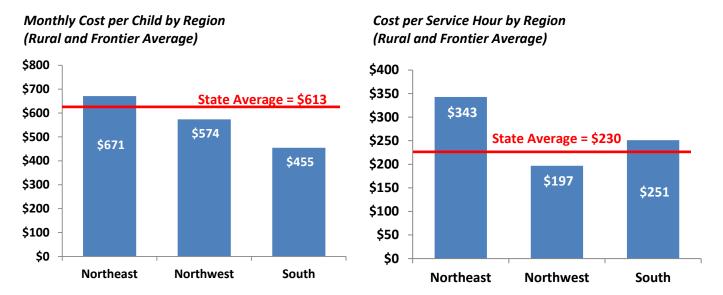
4) Is there a difference in service delivery costs for the rural and frontier regions based on NEIS' current operating regions, Northeast, Northwest, or South? Cost differences will include an analysis of travel costs. Costs will be broken out and reported on at the county and town levels when possible.

A relatively large variation in service costs exists between NEIS' designated operating divisions. The most obvious contributor to this variation is the very differences between the clients they serve. The Northeast region exclusively services frontier counties and has a much larger travel component than the Northwest or South regions.

Regional Differences in Service Costs, FY 2010

			Annual	Wage and				Monthly	Cost per
	Children	Hours	Hours per	Salary	Operating	Travel	Total	Cost per	Service
County	Served	Served	Child	Expense	Expenses	Expenses	Expenses	Child	Hour
Northeast - Frontier	160	3,757	23.5	\$ 882,521	\$ 334,506	\$ 71,722	\$1,288,749	\$ 671	\$ 343
Northwest - Frontier	49	1,166	23.8	\$ 214,726	\$ 55,620	\$ 10,147	\$280,493	\$ 477	\$ 241
Northwest - Rural	126	4,961	39.4	\$ 644,740	\$ 236,692	\$ 43,179	\$924,611	\$ 612	\$ 186
South - Frontier	36	695	19.3	\$ 112,772	\$ 58,555	\$ 10,651	\$181,978	\$ 421	\$ 262
South - Rural	22	565	25.7	\$ 78,383	\$ 47,571	\$ 8,653	\$134,607	\$ 510	\$ 238
Total / Average	393	11,143	28.4	\$1,933,142	\$732,944	\$ 144,352	\$ 2,810,438	\$ 596	\$ 252
		•							
State of Nevada - NEIS Statewide	2,328	74,368	31.9	n/a	n/a	n/a	\$17,115,398	\$ 613	\$ 230

Travel expenses (such as motor pool, per diem, and mileage reimbursement) on its own for the Northeast region account for a mere 6 percent of the total expenses, however, it is estimated that travel **time** is the primary expense for the Northeast region. The easiest way to see an example of inflated travel time expenses can be seen from the higher monthly costs per child as well as the higher costs per service hour for the Northeast region.



While the exact amount of travel time could not be calculated, several different methods were employed to illustrate the extreme variances by region. Please see the answer to Question 5.

5) Are costs significantly different based on state employee tenure/salaries, distance traveled, operational costs, including rent and amount of physical plant (satellite offices) needed for more limited services in some areas. SP will document and account for disparities between grade levels of staff performing similar functions by region.

Costs do vary based on different inputs such as those mentioned in the question above. An analysis of the ratios of overall expenses shows fairly consistent and expected trends across regions. The Northeast has the largest rate of operating expenses at 13 percent of total expenses; however, this is to be expected given that 100 percent of their services are applicable to the frontier region. Regions with larger physical offices and much higher overall operating expenses such as the Northwest and the South, serve a smaller percentage of rural and frontier clients overall, thereby equating to lower operating ratios devoted exclusively to rural and frontier families. Additionally, larger offices such as the Northwest and the South have a greater number of administrative support staff to ensure operational duties, therefore it is reasonable that the rates of administrative staff salaries would also be higher in these regions.

Rural and Frontier Expenses by Region, FY 2010

Rural & Frontier Expenses	Northeast	Northwest	South
Travel (motor pool & mileage)	\$71,722	\$53,326	\$19,304
Operating expenses (less salaries & wages)	\$169,443	\$85,183	\$32,788
Administrative staff salaries	\$165,063	\$207,130	\$73,338
Service provider salaries (rural & frontier only)	\$882,521	\$859,466	\$191,155
Total Rural & Frontier Expenses	\$1,288,749	\$1,205,105	\$316,585

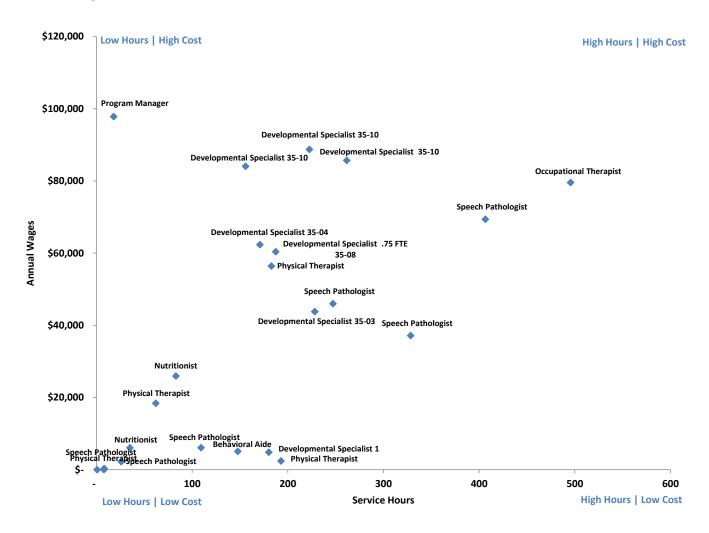
Rural & Frontier Expense Ratios	Northeast	Northwest	South
Travel (motor pool & mileage)	6%	4%	6%
Operating expenses (less salaries & wages)	13%	7%	10%
Administrative staff salaries	13%	17%	23%
Service provider salaries (rural & frontier only)	68%	71%	60%
Total Rural & Frontier Expense Ratios	100%	100%	100%

Perhaps the most interesting statistic from the table above is the higher portion of service provider salaries compared to total expenses for the Northern regions. During discussions with representatives from each division, program managers regularly expressed concerns finding and retaining qualified staff. It was noted that challenges sometimes existed in the southern region specific to developmental specialists. Local school districts offer significant time benefits (180 day contract versus 12 months) and many developmental specialists choose to accept full-time positions with the school district and work for NEIS part-time as contractors. This issue will be explored in greater detail in the Administrative Expense Study.

While SP was provided information regarding salaries for all employees, both full time and contracted, job titles and staff grades were only available from the Northeast and South regions. Graphic illustrations of the differences between salary, staff grade, and hours served are depicted on the pages that follow for those two regions.

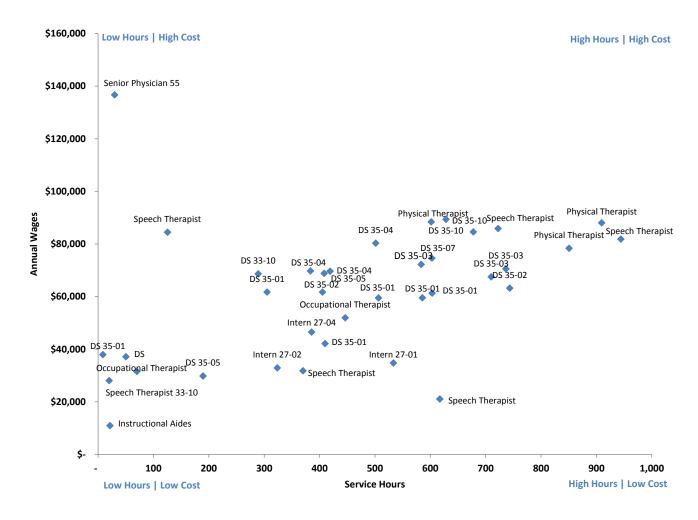
It should be noted that all staff performing any type of direct service during FY2010, including both state employees and contracted staff, are included in the graph below. Since the Northeast region exclusively services the frontier region, all staff depicted are providers of frontier services only. Administrative support staff are excluded from this particular analysis.

Northeast Region Salaries and Service Hours, FY 2010



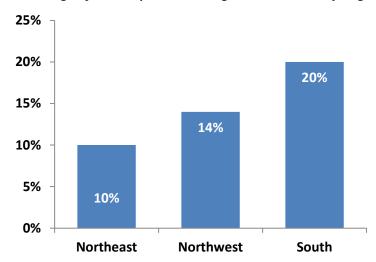
For the South region, only 3.1 percent of all 40,000 plus service hours are attributable to either the frontier or rural regions. The South region is the largest NEIS office in the state, employing more than 125 state employees, providing more than 55 percent of total service hours, and serving nearly 57 percent of all children throughout the state on an annual basis. For the purposes of this Rural and Frontier Region Rate Study, salaries and wages were requested only for those providers that serve a portion of their time in the rural or frontier regions. Therefore, all service providers listed in the graph below are those that serve the frontier and rural regions, whether that be one percent of the time or 30 percent of the time. Providers that do not serve the rural and frontier regions, as well as administrative support staff, are excluded from this particular analysis.

South Region Salaries and Service Hours, FY 2010



Travel expenses, such as motor pool, mileage reimbursements, and per diems, are consistent across regions; however, travel time varies markedly. In an attempt to gauge the discrepancies on travel time by region, the analysis below examines the percent of time that service providers actually spend providing direct services. All full-time state employees for each region were collected in a separate analysis and their total service hours were simply divided by 2,080 hours. This is the standard number of hours that a full-time employee is expected to work over the course of one year, assuming a 40-hour work week. Using this simple calculation, an average for each region was obtained. It is important to note that this analysis excludes administrative support staff and any staff who serve urban regions exclusively. Excluding providers who spend 100 percent of their time serving urban regions may bias the analysis towards lower estimates in and of itself. That said, some interesting conclusions can still be reached.

Percentage of Hours Spent Providing Direct Services by Region, FY 2010



Based on this analysis, full-time state employee service providers in the Northeast region (serving 100 percent frontier regions) spend only 10 percent of their total year directly with a child. The remaining **90 percent** of their time is spent doing pre-work, traveling, report writing, and other administrative duties as may be relevant. One program manager from the Northwest region stated that a prior study estimated that the ratio of direct service hours to indirect service hours was 1 to 4 for direct service time. If this assumption still holds true in present day, then the rates presented above may be cause for concern. That said, it bears repeating that the rates above were calculated using only those service providers who serve the rural and frontier regions in some capacity.

Author Qualifications

Strategic Progress, LLC is a Nevada based company founded and led by Cyndy Ortiz Gustafson, a strategy consultant who specializes in regional planning, public policy research and advocacy, federal grant development, fundraising and nonprofit strategic positioning. She is known for her work in researching and writing Southern Nevada's Ten Year Plan to End Homelessness, The Community We Will Business Case for Casey Family Programs, and the Ready for Life Plan that will drive regional investment in at risk youth. She has also worked in the disability community for over 8 years to build capacity and advance innovation in service models across the state.

Her combination of data analysis, writing and positioning of initiatives, based on community and stakeholder engagement, make her uniquely positioned to work with community EI providers to determine fair and appropriate rates for services. Her nonprofit consulting experience, and her current work with the Southern Nevada Regional Planning Coalition, a policy making body made up of the heads of each municipality in Southern Nevada, uniquely position her to obtain stakeholder feedback, buy in, and access information in a politically sensitive and strategic way to advance Nevada's ability to provide comprehensive and effective EI services. Additionally, Ms. Ortiz Gustafson has direct experience at the federal and state levels writing legislation, building coalitions and working on issues management and strategic positing of initiatives. She is currently spearheading the Accelerate Nevada initiative at the Nevada Community Foundation to make Nevada more competitive for national foundation and federal grant funding, and to advance systems planning and investment across the state.

The lead Strategic Progress research analyst on this project is Jennifer Ouellette, whose background and experience in qualitative and quantitative analysis bring an incredible depth of research ability to the team. Ms. Ouellette, who has an MS in Accounting from the University of Southern California, has worked for a variety of research and analytics firms such as Applied Analysis, PricewaterhouseCoopers, and Econ One Research. She has led extensive industry research projects, mapping and data analysis projects, research and policy projects and presented those findings to various groups and entities across sectors. She has also conducted research and analysis for the Southern Nevada Regional Planning Coalition's Committee on Youth, Casey Family Programs Community We Will Project and provided data and model development consulting on a number of large federal grant projects. Strategic Progress has been fortunate to have Ms. Ouellette and her talents as a part of the team since 2009.

